Exhibit 172

From: Brad Garlinghouse [redacted]@ripple.com>
Sent: Sunday, November 04, 2018 5:32 PM
To: [redacted]
Cc: Chris Larsen
Subject: Re: Hinman speech

[redacted],

Thanks for the note and apologies for a slow reply. Although I have read Bill's speech many times (with great interest!), i wanted to take a fresh pass and give your questions the attention they deserve.

Bill raises a lot of points that help clarify when something is an investment, but I think he gave short shrift to an important issue--whether
the digital asset is a contract. Securities are contracts: they're
agreements between a company and its investors to provide ROI in exchange for the investor's capital. By contrast, there is no such agreement with Ripple and holders of XRP: we have never promised any profits or returns to holders of XRP.

The other thing about an investment contract is that it gives you the right to make a claim against someone: you can sue them if the investment goes awry. But you don't have a contract with anyone simply by owning XRP. You can't sue Ripple if you're unhappy about the price of XRP. The same is true for holders of Bitcoin and Ether--they can't sue the Bitcoin Foundation or [redacted] That's because there's no contract.

As to some of the specific factors mentioned in Bill's speech:

XRP does not have a third party that is providing essential managerial or entrepreneurial efforts. XRP existed before Ripple the company, and it would continue to exist even if Ripple ceased to exist.

On decentralization, Bill noted that where a network is sufficiently decentralized, purchasers cannot reasonably expect a third party to conduct essential managerial or entrepreneurial efforts. This also relates to the absence of a contract, as noted above. In a decentralized network, no one actor is essential to the overall success of the network—if one miner or validator goes away, others take its place and the network keeps working.
For example, [redacted] supports Ether, but if they went away Ether would keep going. The same is true of Ripple: we're a participant in the decentralized XRP ecosystem, but we don't manage it or control it.

Indeed, in many ways, XRP's network is even more decentralized than Bitcoin and Ether. XRP is based on a consensus model where changes to the rules require supermajority (80%) approval from the "validators" that process transactions. Ripple controls less than 50% of validators and cannot unilaterally change the rules. By contrast, Bitcoin and Ether rely on "proof-of-work" mining to validate transactions, which means that any group who controls 50% of computing power gains total control. As I referenced earlier, Chinese miners effectively control Bitcoin because they control the majority of its network's computing power. In this context XRP is certainly more decentralized than ETH or BTC as their is no single entity that can control the network.

Finally, on the point about material information asymmetries, I think it's very clear that the price of XRP is much more correlated with the prices of other virtual currencies, like Bitcoin and Ether, than with any news about Ripple. (we actually had a third party analytics company do this analysis
and shared it with the SEC demonstrating as much). It clearly

demonstrated that Ripple's actions have not been the main driver of changes in XRP's price. (I have joked to friends that the company with information assymtry and XRP is actually Coinbase! Rumors about their plans to list XRP have the most correlated impact on the price of XRP. But this certainly doesn't make XRP a security of coinbase!!)

To your second point, we certainly hope that the SEC will be putting out more formal guidance in the future, but Bill's statement seems directed to particular use cases, not the broader issue of whether a digital asset itself is a security. We're hopeful that more clarity is soon to come - and thus one of the reasons I raised it for your interview with him.

Many thanks [redacted]!
Brad

On Fri, Nov 2, 2018 at 1:01 PM [redacted]
wrote:

> Have you read Bill's speech (weblink below)? I went to look at it
> today and discovered two interesting items.
>
> 1) the quesiton of whether a digital assets is a security turns on
> whether or not it is an investment contract. Decentralization is one
> - but only one - indicia. The other criteria include if a promoter is
> providing a managerial or entrepreneurial effort key to the
> enterprise's success and if material information assymetries exist
> between the promoter and the investor that would require disclosure.
>
> 2) he offers "to help promoters and their counsel work through these
> issues. We stand prepared to provide more formal interpretive or
> no-action guidance about the proper characterization of a digital
> asset in a proposed use." You should take him up on this offer.
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>
> the speech
> https://www.sec.gov/news/speech/speech-hinman-061418
>
> Shared via the Google app
> <https://itunes.apple.com/app/google/id284815942>
>
>
> [redacted]
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